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WARTIME DISTRIBUTION OF AGRICULTURAL MACHINERY IN THE UNITED KINGDOM

AUSTRALIAN WHEAT STABILIZATION

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INTERNATIONAL AGREEMENTS FOR THE CONTROL OF FARM SURPLUSES . . . .

By Leslie A. Wheeler*

For many years now, this old world has been undergoing attack from a new disease. Farmer-producers suffer because basic agricultural products, which they grow in abundance, pile up unused and decay. Potential consumers, poorly clad and undernourished, suffer because they have no access to the very goods that are plaguing the farmer.

When the war is over, the world will be faced with this perplexing problem in an intensified form: How can the "surpluses" that are burdening producers in one half of the world be placed in the hands - and mouths - of the war's needy survivors in the other half? This is a challenging question, one intimately tied up with our return to a post-war world. Thus far, the answer lies partially hidden in the involved economics of production control and distribution. The following statement represents a contribution to the growing volume of thought on the subject.

This Conference has concerned itself primarily with problems of improving and expanding production.

There are good reasons for this. Food must be produced in adequate quantities and qualities, both for the fighting forces of the United Nations and for the civilian workers laboring behind the front lines. Many other agricultural products - oils for making glycerine, fiber for twisting into naval cordage, rubber for a thousand and one essential uses - have direct strategic importance in the war effort.

There is, however, a wholly different category of agricultural products which presents to us a series of problems that ought to be studied and solved. There are the products which are in chronic oversupply. Among them, those most important to the agricultural economy of the Western Hemisphere are wheat, cotton, sugar, and coffee.

The purpose of this paper is to explore briefly this problem with regard to these commodities, to indicate its nature, to describe some of the efforts that have been or are being made to deal with it, and to suggest an international approach that might be followed in its solution.

A lengthy discussion of the actual situation with respect to these four chronic surplus commodities is not necessary at this meeting. A brief review of certain outstanding facts about them, however, may be useful.

The wheat surplus problem arose primarily out of two developments. A great expansion of acreage and production took place in North America (the United States and Canada) during World War I. This was caused by the high prices resulting from that war, the relative advantage of North America as a source of supply for Europe and, finally, by the great deterioration in the European wheat industry as a direct result of the war. Then, by the late 1920's European production itself was again in full

* Director, Office of Foreign Agricultural Relations. This article is adapted from an address at the Second Inter-American Agricultural Conference, Mexico City, July 6 to 16, 1942.

swing. There also was the nationalistic drive for self-sufficiency in wheat production in Europe - particularly in Germany and Italy - during the twenties and thirties. This drive, backed up by numerous restrictions on imports and by various kinds of subsidies on domestic production, reduced the world market for imported wheat by approximately 250 million bushels or about 7 million metric tons. The present war has further reduced world wheat shipments. The result is that total stocks of old wheat in the four principal exporting countries - Canada, Argentina, Australia, and the United States - amounted on July 1 of this year to upwards of 1 billion 500 million bushels, or about 40 million metric tons.

A cotton surplus problem, intermittent at first but more or less chronic since the end of World War I, has been in evidence since the middle of the last century. Both world production and consumption of cotton have followed an upward trend in the past; but production has repeatedly shown a tendency to overrun consumption, resulting in periodic accumulations of large stocks. Production in foreign countries more than doubled between the time of World War I and 1937. United States production during this period fluctuated between 7.9 million bales in 1921 and 18.9 millions in 1937 but showed no definite upward trend.

Nationalistic policies have been largely responsible for increased production in Russia, China, the British, French, and Japanese colonies, Turkey, Italy, Spain, and the Balkans. Nationalistic policies in Germany, Italy, and to some extent in other European countries, have also contributed to the cotton surplus problem by greatly increased production and use of synthetic fibers as a substitute for cotton. The sharp increases, noted in nearly all Latin American countries, particularly Brazil, have taken place since 1933 and are based on lower cost of production and other factors, notable among which have been government efforts to diversify agriculture and raise national income.

The cotton surplus problem in its present stage dates largely from the record 1937 crops of 18.9 million bales in the United States and 19.7 million bales in foreign countries as a whole. The world carry-over increased from 13.8 million bales at the end of July 1937, to a record estimate of 22.6 millions the following year, almost sufficient for one year's world consumption as it was running in the 1930's. The United States accounted for most of this increase.

The war has led to a great expansion of cotton consumption in the United States, India, and, on a smaller scale, in Canada and Latin America. It, however, has eliminated markets in Europe and the Orient that formerly accounted for consumption of more than 8 million bales or nearly one-third of the world total.

Significant it is, indeed, that while world consumption in pre-war years was being maintained, world trade was declining. This, taken together with an expansion of production in certain exporting countries other than the United States, accounts for the accumulation of supplies prior to the outbreak of war in Europe in September 1939. The war itself has contributed to a further drastic reduction in international trade in cotton.

The origin of the sugar surplus problem is somewhat the same as in the case of wheat. World War I led to a great decrease in European beet sugar production, while it encouraged the production of cane sugar in the Western Hemisphere, especially Cuba, and in the Orient. After the war, European beet production was restored; but cane sugar production continued at high levels, leaving a total supply far in excess of world demand. This demand, furthermore, was curtailed by high prices in certain of the European countries, the high prices being fostered by severe import restrictions.

The coffee surplus problem has existed for many years. Before the present war, the production of coffee in the Western Hemisphere alone averaged about 32 million bags annually; while the total effective world import demand for Latin American coffee was about 17 million bags, of which the United States imported about 14 million bags.

Brazil, by far the largest producer, tried various measures to correct this unbalanced situation. The principal measure was the destruction of a large part of each year's crop. In the nine years prior to 1941 Brazil destroyed over 70 million bags of coffee. Other American producers during this period were generally able to dispose of their whole crop, however, and in some cases even to increase their production.

The shipping dislocations and blockades arising out of the war have left American coffee producers little more than half of their former world market.

In an attempt to correct these surplus problems here briefly described, a number of steps have been taken up to the present time.

More or less continuous efforts have been made to deal with wheat on an international basis since 1930. In 1933 an agreement was reached in London, but it soon lapsed because of its lack of comprehensiveness and of effective controls. In June 1942, an agreement was reached between the four major exporting countries, Canada, Argentina, Australia, and the United States, and the world's largest importer, the United Kingdom. This agreement provides for specific action between the signatory countries and proposes the text for a full international agreement between all interested exporting and importing countries. This text is to be submitted to an international conference to be called by the Government of the United States as soon as conditions permit.

In addition to establishing the basis for a division of the international wheat market after the war among exporting nations, the Memorandum of Agreement provides specifically for the immediate establishment of a pool of wheat for inter-governmental relief in war-stricken areas as soon as the international situation permits. It is unique, therefore, in being the only international commodity agreement concluded during the war with a view to orderly international marketing and relief distribution after the war.

In the case of cotton, no international marketing agreement has been reached as yet. Perhaps the main reason is that before the war the United States was the only cotton-producing country having large annual carryovers, and it was supporting the world price level by acreage reductions and commodity loans. There have been several international meetings to consider the cotton surplus problem. At such a meeting in Washington in September 1939, the delegates agreed that "regulation of world cotton supplies in relation to demand would help materially in improving the existing unbalanced condition." That meeting considered, however, that the outbreak of war made a general agreement impossible.

Since that time several discussions among the cotton producing countries of the Western Hemisphere have taken place under the auspices of the Inter-American Financial and Economic Advisory Committee. In these discussions the agreement generally was that international collaboration in cotton marketing was desirable and that such collaboration should extend to countries outside the Western Hemisphere.

The war has aggravated the cotton problem in other exporting countries even more than in the United States where consumption has now reached record levels, and the prospect for international cooperative action seems to be better now than ever before.

The history of international cooperation in sugar marketing has a longer duration. An agreement, known as the Chadbourne Plan, was signed in 1931 by seven of the

principal exporting countries (actually by national sugar corporations) and later joined by two others. The scheme helped the situation for a short period, but it lacked effective controls and commitments by importing countries. By the time it lapsed in 1936 the world sugar situation had grown worse than before.

In 1937 an International Sugar Agreement was reached in London and ultimately signed by 22 nations. These countries represented about 90 percent of world production and consumption and practically all of the international trade in sugar. The outstanding difference between the Chadbourne Plan and the 1937 agreement is the fact that the importing countries participate in the latter.

The operation of the agreement has been seriously impaired by the war. Its operation prior to the war, however, showed that regulation of the international trade in sugar is feasible, and pre-war experience may be drawn upon to produce more effective regulation in the post-war years.

Notable attempts also have been made to deal with the coffee surplus problem. The great reduction in import markets caused by the war led in the summer of 1940 to about the lowest coffee prices on record. In that year the fourteen Western Hemisphere coffee-producing countries and the United States got together to discuss the problem. The result of these discussions was the Inter-American Coffee Agreement signed in Washington in late 1940. This agreement established a quota for each of the producing countries in the United States market and provided for the distribution of exports from the American nations to the rest of the world. Because of the war the latter distribution has not been effective; but the regulation of imports into the United States eliminated the destructive competition that had existed previously and permitted a rise in price.

The outstanding feature of the coffee agreement, as contrasted with similar endeavors with other commodities, lies in the fact that the largest importer, the United States, was an active participant - even to the point of setting up import quotas corresponding to the export quotas set forth in the agreement. This assured strict enforcement of the export quotas.

Extensive study of these surplus problems and the costly experience that has been gained so far in dealing with them permits the drawing of certain tentative conclusions:

(1) Because the surplus problem existed for some of the principal agricultural crops before the war and because it has been aggravated by the lack of shipping and by the blockade during the war, it probably will persist after the war.

(2) In the absence of some international understanding to absorb these surpluses or to lessen their economic impact, cut-throat competition between exporting countries for available world markets will ensue. Such competition will mean disastrously low prices to the exporting countries. These low prices in the long run will be disadvantageous to the importing countries as well, for the world is too much of an interdependent economic unit nowadays for it to be otherwise.

(3) Attempts by individual producing and exporting countries to improve the situation affecting particular commodities is unlikely to be effective, even though such commodities occupy a dominant position in the world export trade in that commodity.

(4) International commodity agreements providing for orderly marketing in world trade appear at this stage of our experience to be about the best solution to the problem.

(5) To be effective and beneficial to all concerned, these agreements should conform to the following conditions: (a) Include as participants both exporting and

importing countries throughout the world. (b) Provide for effective internal control of production or distribution and market supply in all the important exporting countries. The production control machinery should shift production to other crops and animal products needed for a better standard of living and for which the demand is more elastic. (c) Provide for reduction of import trade barriers which encourage inefficient production and hamper consumption in the importing countries. (d) Provide for a fair division of the world market between the exporting countries. Such divisions or shares - at least for the principal exporting countries - should be on a percentage basis with such percentages applied to realistic estimates of the expected annual world import demand. (e) Provide for definite minimum and maximum price objectives, subject to change with the general price level. Such prices should be fair to consumers and reasonably remunerative to efficient producers. (f) Provide for the protection of participating countries against any prejudicial activities on the part of nonparticipating countries, and for scrupulous adherence to the export quotas and other regulatory measures on the part of the participating countries. (g) Provide for the maintenance in the world's granaries and warehouses of stocks sufficient to protect world consumers against shortages and high prices. (h) Moreover, any such agreement made during the present war should provide for making stocks available to the starving peoples of Europe and Asia as soon as the war conditions permit.

By removing one of the major causes of friction among nations, international commodity agreements developed along the foregoing lines could contribute significantly in the post-war years to the construction and maintenance of a durable peace.

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WARTIME DISTRIBUTION OF AGRICULTURAL MACHINERY IN THE UNITED KINGDOM . . . . .

By Mary E. Long*

As early as October 1939, the British Government inaugurated a tractor scheme to conserve agricultural machinery and farm equipment in an effort to insure the greatest possible use of the potential supply of tractors. A Government investigation of the amount of farm equipment and implements on farms at the beginning of the war had shown that privately owned tractors were not distributed evenly throughout rural areas.

The tractor scheme, administered by the Ministry of Agriculture, embodied a definite procedure to be followed by farmers in the use of tractors. In most instances, farmers were instructed to make their own arrangements for securing tractors or other farm implements needed for the proper operation of their farms at fullest capacity. These arrangements involved borrowing from neighbors whenever possible; hiring the plowing contractors; or seeking the aid of the local county War Agricultural Executive Committees in negotiating with contractors or regular farmers to do the work with Government tractors and implements. In this connection, Government reserves of farm equipment were established in each county under the administration of the county committees to be used in rendering assistance to farmers whenever privately owned machinery proved inadequate for their needs. The distribution of the Government-owned tractors was on the basis of specified allotments, or a quota system for each county. The amount of each county's quota was established in proportion to the amount of cultivable land in each.

The Government did not favor the lending of tractors directly to individual farmers. It was specified that machinery should be operated under contract and the operation supervised by a machinery officer, a member of the county committee who organized the work by tractors and machinery in his area. It was generally assumed that the principal duty of the machinery officer was to put a farmer who needed help in touch with one who was able to give it. When farmers were unwilling to cooperate in the program, the Minister of Agriculture was empowered by the Defence Regulations legislation to resort to compulsory measures.[1]

In Northern Ireland at the beginning of the war tractors were distributed to farmers on the basis of need. A restriction on new agricultural machinery distribution limited the farmers allowed to make purchases to those cultivating specified minimum areas, either for themselves or other farmers on a contractual basis. In order to make possible the purchase of new machinery by these farmers, however, loans were extended to them by the Ministry of Agriculture.

The Scottish Government made arrangements during the 1940 harvest season for the provision of 300 harvesting-machinery units. These sets, consisting of tractor,

* Office of Foreign Agricultural Relations.

[1] IMPLEMENT AND MACHINERY REVIEW. GOVERNMENT TRACTOR SCHEME. Impl. and Mach. Rev. 65:605. 1939.

binder, and harvest trailer, were moved from area to area throughout the harvest period. Provision was also made for the use of 25 threshing machines in areas known to have a shortage of threshing equipment.[2]

During 1940, each county War Agricultural Executive Committee compiled a list of the essential machines and implements needed to meet their requirements for the maintenance of farm-machinery reserves. These lists were submitted to the Ministry of Agriculture for the adoption of machinery quotas to assure distribution to the county committees in proportion to the size of the tillable area in their districts. The machinery-reserve plan and the aforementioned Government tractor scheme were abandoned in August 1940. Farmers, on the whole, were critical of these systems, maintaining that too much priority was extended by the Government in releasing equipment for the reserves, which might otherwise have been diverted to regular marketing channels for individual farmer acquisition.

Control of distribution of machinery from the United States under the provisions of the Lease-Lend Act is effected through established regulations as of October 1, 1941. Farmers have to obtain certificates evidencing their need for the machinery. These certificates are issued by the county War Agricultural Executive Committees and apply to the most important types of farm machinery and implements, such as tractors, plows, disk harrows, and combines.

A farmer or agricultural contractor when ordering machinery from a dealer must state the necessity for purchasing the new equipment. This statement is then sent to the county War Agricultural Executive Committee for issuance of the required certificate. The committee must consider whether or not the applicant's farm is already sufficiently equipped, the importance of the work for which the machine is required, and whether or not the work could be performed by another machine, made and obtainable in Great Britain.

If the county committee members are sufficiently assured by the farmer's information that the machinery is actually needed, the certificate is issued and sent to the Ministry of Agriculture with the request that the machinery be sold to the farmer in question. The machinery, as it becomes available, is then released to the farmer, provided he is able to make a full cash payment equivalent to the list price of the article. Farmers unable to pay cash for farm equipment must "borrow from their banks or buy through the Agricultural Requisites Scheme."[3] This procedure also applies to imports of machinery from Canada, insofar as the certificates of need are concerned. Similar control of distribution of machinery is effective in Scotland and Northern Ireland.

The Agricultural Requisites Scheme was inaugurated to meet the requirements of needy farmers engaged in farming small acreages who apply to their county War Agricultural Executive Committee for additional machinery to enable them to increase their wartime effort. The committee may on their own initiative and authority permit the farmer to make purchases on credit to a maximum of £100. This scheme functions principally in aiding farmers to buy seed, fertilizers, and feedstuffs, or pay for plowing, farm labor, hedging, drainage, or ditching. Where the need is proven to be great and all other means of credit have been exhausted, this scheme, subject to the approval of the Ministry of Agriculture, acting on the advice of experts and county committee

[2] BOWMAN, HOWARD A. SCOTTISH AGRICULTURE IN WARTIME. U. S. Cons. Voluntary Rpt. 250, 5 pp. Glasgow. July 23, 1940. [Typewritten.]

[3] FARMERS WEEKLY [LONDON]. LEASE-LEND FARM MACHINERY. CONTROL OF DISTRIBUTION: CASH SALES ONLY ... Farmers Weekly [London] 15(13):21. 1941.

members provides funds for the purchase of machines that cannot be manufactured in Great Britain or cannot be made in sufficient quantities to meet the demands of the plow-up campaign.[4]

In the latter part of 1941, the Ministry of Agriculture announced new seasonal agricultural implements and machinery with built-in engines, except milking machines, would no longer be available. Operation of these implements was henceforth to be powered by tractors. The farmer's use of small individual engines under this regulation must be justified by their employment in numerous farm activities.

Some new developments with respect to the distribution of agricultural machinery have recently been announced. Two new governmental agencies, the Agricultural Machinery Development Board and the Joint Standing Committee have been established to assist the county committees in the distribution of machinery to farmers.

The Agricultural Machinery Development Board is administered through the cooperation of the Minister of Agriculture and Fisheries of Great Britain and the Secretary of State for Scotland. The Board's staff is composed of well-known representatives of the agricultural and engineering fields, members of the Department of Scientific and Industrial Research, and the Agricultural Research Council. The organization arranges for the testing of all machinery and implements used on farms, considers matters of uniformity and standardization of machinery, provides educational and advisory facilities to farmers, and handles all general problems relating to the mechanization of agriculture.

The Joint Standing Committee is composed of members of the Agricultural Engineers' Association, the Society of Motor Manufacturers and Traders (Agricultural Tractor Section), the Agricultural Machinery Dealers' Association, and the National Federation of Ironmongers, Machine, Knife, and Allied Trades Association. This committee functions in an advisory capacity to the Ministry of Agriculture with respect to the potential domestic production of farm machinery and implements during the war period.[5]

Complete control of agricultural machinery with regard to its maximum use is still carried on by the county War Agricultural Executive Committees through the powers originally granted them by the Ministry of Agriculture. Recent developments, however, in the use of tractors in the United Kingdom may make it necessary for the conscription of all tractors in the future, if the investigations of the county committees reveal the employment of tractors in enterprises of insufficient acreage to warrant their use.[5]

A shortage of threshing machinery has been especially noticeable during the current season and has necessitated the Government extension of priority in the allocation of machinery to wheat farmers. On several occasions this action has operated as a handicap to livestock producers with shortages of feed grains, such as oats and corn. County committees, therefore, have been compelled to issue ration coupons for feedstuffs against future repayments by the farmer in an equal quantity of threshed grain.[6]

[4] Implement and Machinery Review. THE AGRICULTURAL REQUISITES ASSISTANCE SCHEME AND IMPLEMENT PURCHASES. Impl. and Mach. Rev. 66: 333. 1940.

[5] Farmers Weekly [London]. MACHINERY CONSCRIPTION UNLESS FARMERS MAKE MAXIMUM USE OF THEIR TRACTORS AND IMPLEMENTS... Farmers Weekly [London] 16(3): 15. 1942.

[6] Murray, Alton T. AGRICULTURAL NOTES FOR JANUARY 1942. U. S. Cons. Voluntary Rpt., Agr. Notes 64, 19 pp. London. Jan. 31, 1942. [Typewritten.]

§

AUSTRALIAN WHEAT STABILIZATION

Maurice E. Wright*

Australia's present Wheat Stabilization Scheme is a product of a series of laws enacted over a period of time. The aims are: to give domestic aid to growers, to accomplish orderly marketing within the country and for export under war conditions, and to stabilize the price of flour to domestic consumers. To accomplish these aims a consumer's tax has been levied on flour to give a bounty to growers; a compulsory Commonwealth marketing pool has been established; production controls have been inaugurated; a guaranteed price has been fixed for growers, and domestic flour prices have been fixed. The prominent role of wheat in Australian agriculture and the necessity of finding export markets for two-thirds of the annual crop are the cause of Australia's concern in any program to break down trade barriers and secure wider consumption of the world's wheat supply. Australia along with Argentina, Canada, the United Kingdom, and the United States recently joined in approving a memorandum of agreement which now forms a part of Australia's plans regarding wheat.

THE NATURE OF THE WHEAT PROBLEM

The economic effects of fluctuations in the world's wheat market are felt with peculiar intensity in Australia because of the dominant position of wheat in Australian agricultural production and the large proportion of the crop that is exported (table 1).

Sixty to seventy percent of Australia's cropland is normally planted in wheat. About two-thirds of the average wheat crop of 165 million bushels is exported. While this comparison does not consider the important dairy and pastoral industries and results in an exaggeration of the importance of wheat in the rural economy, the economic security of Australian agricultural interests is nevertheless closely connected with the world wheat situation. A drop in wheat prices caused by large accumulations of stocks, such as occurred in 1930 and again in 1938, has crisis-producing effects upon the Australian rural economy. Except for a period of profitable prices in 1936 and 1937, world wheat prices during the 1930's reflected the existence of a buyer's market.

In addition to the problems caused by unremunerative world prices, Australian wheat growers are faced with the problem of widely fluctuating yields, characteristic of semi-arid areas. In 1939-40 Australia produced a near record crop of 210 million bushels. The following year drought conditions cut the yield to 82½ million bushels. Some areas within the wheat districts experience drought almost every year. The droughts are not preventable, but their economic effects might be minimized by appropriate marketing regulations of a national and international nature. It is against this background, complicated by the present war, that Australia has worked to stabilize the wheat industry.

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TABLE 1.—*Total crop area of Australia and area, production, exports, and average annual price of wheat, 1911-12 to 1940-41*

CROP YEAR	TOTAL AREA, ALL CROPS	WHEAT			AVERAGE PRICE, F.O.R. PRINCIPAL SHIPPING PORTS (1)	
		AREA	PRODUCTION	EXPORTS		
	1,000 acres	*1,000 acres*	*Million bushels*	*Million bushels*	*s.*	*d.*
1911-12	12,107	7,428	71.6	63.94	3	8½
1912-13	13,038	7,340	92.0	41.00	3	7½
1913-14	14,683	9,287	103.3	54.01	3	7½
1914-15	15,652	9,651	24.9	6.89	6	1⅝
1915-16	18,528	12,485	179.1	[2] 35.97	4	8¼
1916-17	16,806	11,533	152.4	69.81	4	7
1917-18	14,298	9,775	114.7	41.69	5	0½
1918-19	13,332	7,990	75.6	68.73	5	4½
1919-20	13,296	6,419	46.0	107.32	8	8½
1920-21	15,070	9,072	145.9	87.82	8	6½
1921-22	15,357	9,719	129.1	117.21	5	5
1922-23	16,572	9,763	109.5	50.45	5	2½
1923-24	16,531	9,540	125.0	84.45	4	9½
1924-25	17,278	10,825	164.6	125.04	6	6
1925-26	16,793	10,201	114.5	78.28	6	2⅜
1926-27	17,772	11,688	160.8	97.61	5	3½
1927-28	19,219	12,279	118.2	73.86	5	4⅜
1928-29	21,190	14,840	159.7	108.95	4	9½
1929-30	21,930	14,977	126.9	62.74	4	3½
1930-31	25,164	18,165	213.6	144.38	2	4½
1931-32	21,167	[3] 14,742	[3] 190.5	[3] 156.71	3	2
1932-33	22,408	15,764	213.8	149.85	[4] 2	10⅜
1933-34	16,122	14,901	177.4	87.55	[4] 2	7-3/8
1934-35	20,429	12,545	133.5	109.47	3	2
1935-36	19,974	11,958	144.2	106.67	4	0½
1936-37	20,603	12,316	151.3	98.90	5	0¼
1937-38	21,952	13,735	187.0	124.76	3	5¼
1938-39	23,498	14,346	155.4	97.86	2	8½
1939-40		13,282	210.3		[5] 3	6
1940-41		12,454	82.6		4	1¼

[1] First Report of Royal Commission on the Wheat, Bread and Flour Industries, p. 27.

[2] Because of the severe drought the preceding year, certain areas imported 5.6 million bushels of wheat; net exports for 1915-16 were therefore only 30.3 million bushels.

[3] Data for 1931-32 and the following years are from the Commonwealth Statistician.

[4] From 1933-34 f.o.r. Williamstown prices are quoted from the Commonwealth Statistician.

[5] Since October 10, 1939 prices have been determined by the Australian Wheat Board.

Commonwealth Yearbook except as indicated.

MARKETING POOLS

The problems of the Australian wheat industry are chronic and recurring in nature. Previous attempts at solving these problems furnish the background for the present Wheat Stabilization Scheme. Basic elements of the present scheme have been debated in Australia for years. Indeed, the scheme is similar in many respects to earlier aids to the Australian wheat grower. The basic part of the present scheme is the compulsory marketing pool. Since the World War of 1914-18 Australia has had a variety of experiences with marketing pools - compulsory and voluntary; State managed, Commonwealth managed, and cooperatively managed; so the Commonwealth has a large amount of information on the actual operation and administration of these pools at its disposal.

In 1915 Australian wheat farmers faced a severe crisis.[1] The preceding year had been one of widespread drought that taxed the slender economic resources of the wheat grower. Though the harvest for the 1915-16 season promised well, the shipping shortage caused by the war then in progress made it impossible for private merchants

[1] AUSTRALIAN WHEAT BOARD. THE AUSTRALIAN WHEAT POOLING SCHEME. A BRIEF REVIEW. Austral. Wheat Bd. 27 pp. illus. Melbourne. October 1918.

to purchase much of the crop. For most growers an early realization upon their crop was an urgent necessity. To meet the situation a compulsory pooling scheme was set up under regulations authorized by the War Precautions Act. In keeping with the federal nature of Australia's Government the system was administered jointly by a central board and a local board in each of the States. The division of operations between the boards indicates not only the organization and administrative set-up of the scheme but also the scope of the program.

The central board was to settle questions of general policy to be pursued in the handling and marketing of wheat; fix amounts to be advanced to growers; make necessary financial arrangements; make all overseas sales of wheat; fix prices at which sales were made to millers, both for local consumption and for export; charter (through the chartering agents) freight for overseas contracts and apportion shipping among States; and arrange terms of conversion of wheat purchases into flour purchases.

The local boards were to handle and care for the wheat; provide depots, materials, storages, and treatment plants; make payments to growers and pay all expenses incidental to handling, such as rail freights; make sales of wheat within the State to the trade and to mills; make all shipping arrangements, including preparation of documents, making of advances against freights, collecting chartering commission, and effecting insurance; adjust liens and legal encumbrances on crops; arrange contracts with millers for purchases of flour for the central board; and provide storages.

This World War pooling scheme, which continued from 1915-16 through the 1920-21 harvest, was not an attempt to push prices up but was conceived to be and remained a scheme to provide for the orderly marketing of wheat in the face of the shipping situation.

At the conclusion of the wartime compulsory pool scheme in 1921, voluntary pools were set up on a cooperative basis in New South Wales, Victoria, and South Australia.[2] Western Australia retained a compulsory pool for an additional year before setting up a voluntary cooperative organization. These voluntary pools were very popular at first but steadily declined in popularity (table 2).

TABLE 2.— *Wheat handled by pools in the leading wheat-producing States of Australia, 1921-22 and 1935-36*

PERIOD AND STATE	QUANTITY RECEIVED	PERCENTAGE OF MARKETABLE WHEAT	PERIOD AND STATE	QUANTITY RECEIVED	PERCENTAGE OF MARKETABLE WHEAT
	Bushels	*Percent*		*Bushels*	*Percent*
1921-22:			1935-36:		
New South Wales ..	22,784,329	58	New South Wales ..	0	0
Victoria	32,100,000	78	Victoria	1,500,000	5
South Australia ..	7,842,788	36	South Australia ..	1,012,000	3½
Western Australia	11,788,162	96	Western Australia	3,354,000	18

Yearbook of the Commonwealth of Australia, 1922 and 1936.

The Queensland Government established a compulsory wheat board in 1920-21 which was in continuous operation until the inception of the present Commonwealth Wheat Acquisition Scheme. Several other compulsory pooling plans were discussed as a means of aiding growers during the period of depressed world markets in the 1930's.

THE MARKETING SYSTEM, 1934

In January 1934 the Commonwealth Government set up a Royal Commission "to inquire into and report upon the economic position of the industries of growing, handling and

[2] COPLAND, D. B., AND JANES, C. V. AUSTRALIAN MARKETING PROBLEMS, A BOOK OF DOCUMENTS 1932-1937. 560 pp. 1938. See p. 264.

marketing of wheat," among other things.[3] In February 1935 this Commission made its report (summarized below) on the marketing methods in general use at that time.

Marketing begins with the movement of the crop from the farm to the rail siding, usually regarded by the grower as one of the harvesting operations. At the siding the farmer faced three possibilities: He could sell his wheat outright at the prevailing market price; he could store his wheat for future sale; or he could place his wheat in a pool.

Because of the need for immediate cash many, in fact most, farmers sold upon the day of delivery or at least by the time they had completed their deliveries of the season's crop. The grain merchant or miller then became the sole owner of the grain and his agent assumed charge of stacking, storing, and shipping.

If the farmer stored his wheat, he usually put it in charge of a merchant or miller, through an agent. The agent assumed responsibility for all further operations. For these services a storage charge was made. An advance was usually made upon the wheat stored. In practice the merchant usually became the purchaser of the wheat stored with him. At any time the farmer wished he could sell the crop at the current market price quoted by the merchant, and he was liable for the difference if the value of the wheat dropped below the advances and accumulated charges. A negligible quantity of wheat was also stored directly by farmers or by free agents, who leased siding sites and undertook to truck, stack, and protect the wheat for a small charge - usually about 1d. per bushel. Wheat stored in this manner was sold at the grower's will.

Although the cooperative pool had declined in popularity, a considerable quantity of wheat was marketed by pools active in Victoria, South Australia, and Western Australia. The farmer received a pool certificate, generally drew an advance upon delivery of his wheat, and was entitled to his proportionate share of dividends made possible by subsequent realizations upon sales from the pool.

The above methods of crop disposal were available to all growers who bagged their wheat. Originally all Australian wheat was bagged. The States of New South Wales and Victoria had inaugurated a state-owned system of bulk handling facilities, which were increasingly used. In Western Australia private cooperative interests controlled the bulk handling of wheat. By using these facilities the farmer could hold his wheat or, by transferring a negotiable bulk warrant to a purchaser, effect a sale of the wheat. The purchaser by presenting the properly endorsed bulk warrant could obtain delivery of the quantity and quality of wheat indicated on its face.

Thus the end of the delivery season found a considerable part of the harvest sold or shipped for sale. Of the remainder, some was held by farmers in bulk elevators or stored privately at sidings or on farms. The rest was stored at mills, railway sidings, and ports in the hands of millers, merchants, and pools. Delivery of the wheat was accomplished, and as evidence of his interest in the wheat the farmer held bulk warrants, pool certificates, or storage receipts. The wheat in pools was sold according to the policy of the directors or trustees of the pool. The wheat stored by farmers was sold as the farmers accepted the prices offered by the merchants from day to day.

The Royal Commission found little evidence of speculative buying and selling by the merchants. Day-to-day prices were generally a reflex of sales actually made or in the course of being made overseas at the time. As the merchant had no way of accurately predicting the volume of sales that would be made by farmers at the quoted

[3] Royal Commission on the Wheat, Flour and Bread Industries. MARKETING. *In* Second Report, Sec. V, pp. 159-181, illus. 1934-35. This is the source of all the material in this section.

price, he was, as a matter of fact, overbought or oversold much of the time. As the market moved for or against him his profits were increased or lowered correspondingly.

The shipping problem was also an added difficulty in coordinating purchases and export sales. Generally wheat was not offered for sale in Europe until shipping was arranged. The merchant chartered shipping according to his estimate of needs. Once a chartered ship was in port it was loaded with wheat even though sufficient purchases from farmers had not been consummated. Sales overseas were made by the shipper's agent or through brokers. It was thus the export trade that determined the dominant price structure.

DEVELOPMENT OF THE PRESENT AUSTRALIAN WHEAT PROGRAM

From 1930-31 to 1935-36 the Commonwealth Government levied an excise tax upon flour and from the proceeds paid a bounty to growers. Prices were higher in 1936-37 and 1937-38 and the bounty was discontinued. As prices fell in 1938 and growers realized the chronic nature of their problem, they sought a permanent program that would give them a just price and that was not dependent upon yearly legislative vagaries.

The 1938 Assistance Scheme[4]

The 1938 Assistance Scheme was a complex program involving Federal and State cooperation aimed at giving growers a "home consumption" price for their wheat. The price sought was 5s. 2d. (about 85 cents), f.o.b. Williamstown,[5] or an average of 4s. 8d. (about 75 cents) at country sidings. The scheme was to be administered by a Wheat Stabilization Advisory Committee. When prices were below the 5s. 2d. level at Williamstown, an excise tax upon domestically consumed flour and other wheat products became effective. The Committee was to vary the rates of this tax so as to provide a bounty to growers that would give them an income equivalent to what they would have received had wheat been selling at the desired level. If and when wheat was selling at 5s. 2d., Williamstown, no tax was to be levied. As the price rose above 5s. 2d. the flour tax levied on consumers was to be replaced by a wheat tax levied on producers.

The rate of this tax was to be assessed by the Committee by estimating the proportion of the total production of wheat for the tax year that would be consumed domestically and applying the ratio to the amount above 5s. 2d., Williamstown, at which wheat was selling at the time of the recommendation.

The distribution of the proceeds of these taxes was the function of the State governments. The funds raised by the flour tax were distributed to farmers. Except for the £500,000 allocated for drought aid or for resettlement from unprofitable wheat areas, the distribution was to be upon a per-bushel basis. To protect consumers the State governments had enacted laws fixing minimum and maximum prices for flour. The wheat tax was to be used to subsidize millers during periods of high wheat prices to enable them to sell within the limit of the flour prices set by the State.

The principle was that in years of high wheat prices the price of flour would remain at the stabilized price and millers would recover their losses by receipts from the wheat tax. Thus the farmer, who would pay the wheat tax, would subsidize

[4] DAY, HENRY B. WHEAT INDUSTRY ASSISTANCE SCHEME ADOPTED BY COMMONWEALTH AND STATE GOVERNMENTS IN AUSTRALIA. U. S. Cons. Rpt., 17 pp. Sydney. June 19, 1939. [Typewritten.]
For a detailed description of the 1938 stabilization scheme see SCHABEN, LEO J. THE AUSTRALIAN WHEAT INDUSTRY ASSISTANCE SCHEME. Foreign Agr. 3: 509-524. 1939.

[5] Williamstown, near Melbourne, is an important center for delivery, storage, and export of wheat.

consumers during periods of high prices and be subsidized by consumers during periods of low prices. The farmers, quite correctly, did not anticipate high prices.

The scheme was primarily one of assistance to growers and only indirectly affected the marketing of wheat. Existing marketing agencies continued to buy, sell, and handle wheat at prices largely determined by world markets. The selling price of domestically consumed flour was controlled and subject to an excise tax. The funds raised by the tax for making payments to growers were less than had been anticipated because of a decline in the consumption of bread.[6] Since Australian wheat prices are largely determined by world prices the decline in domestic consumption had little effect on the market price of wheat.

Critics of the "home consumption" price theory - the basic principle of the scheme - have pointed out another problem that would affect the workability of the scheme as a permanent program.[7] The home price is reached by a bounty on production that will enable producers to meet costs of production on all wheat produced. This bounty - as the scheme works - is derived from the domestic consumer. If wheat growers may expect a profitable income from each bushel produced by them, they will expand their production. This in turn will call for a heavier burden upon consumers, for they are, in fact, called upon to pay the spread between the cost of production and the world price. Since domestic consumption would not increase as production increased, consumers would face a constantly increasing burden in stabilizing prices. This criticism leads to the proposition that stabilized production must accompany a plan for stabilized prices. Under the scheme as originally passed this was not provided. The Government was later to provide for production controls. Whether it would have done so had the war not imposed additional complicating factors is a matter for conjecture.

Compulsory Pooling

Though launched early in 1939 with high hopes of providing a bounty on the harvest just completed, the assistance scheme was assailed from the first. Consumer groups and labor organizations protested the increase in bread prices, but their protests soon subsided although purchases remained at lower levels. The Bakers Association in Sydney attacked the validity of the flour tax in the courts and was defeated. Politically, the most potent voice raised in criticism was the voice of the farmers, who found that the amount of the bounty was to small to give them a profit - 6d. per bushel (8 cents at present exchange rates) - and clamored for a larger bounty and greater aid. The December 1938 price of 2s. 1d. at country sidings increased by the 6d. bounty gave a return of 2s. 7d. (41 cents) or 2s. 1d. (33 cents) below the 4s. 8d. aimed at by the legislation. After the harvest ended in January 1939, the price further declined.

In August 1939 a plan to give more aid to farmers was proposed, in which the additional costs were to be shared by States and Commonwealth alike. Under this plan farmers were to receive an average price of 3s. 4d. a bushel, provided that an expenditure by the Federal and State Governments of no more than £3,500,000 a year above the amount raised by the flour tax was required and that the price per bushel should be reduced accordingly as the marketed crop exceeded 140 million bushels.

This plan was to be an addition to the 1928 scheme. Farmers would receive more assistance in the form of a guaranteed price and - for the first time - an economic

[6] HOWARD, G. C. WORKING OF THE WHEAT ASSISTANCE ACT. U. S. Trade Comm., 2 pp. Sydney. Jan. 13, 1939. [Typewritten.]

[7] See pp. 27-35 of the reference cited in footnote 2.

deterrent to increased production of wheat would be imposed by law. The plan was never agreed upon, and the outbreak of the war further complicated the wheat situation.

Upon Australia's entrance into the war the Commonwealth Parliament passed the National Security Act. This was a grant of wartime powers to the Government. The Wheat Acquisition Regulations of 1939, issued under these powers, set up a compulsory Federal wheat pool for the remainder of the war.[8] Because of the experiences of the last war it was felt that chaotic conditions would result if marketing was not controlled. One important departure was made from the pooling procedures of the last war, when separate State pools were set up under the general supervision - especially with respect to export trade - of a Commonwealth Board. The present system pools the wheat of all the States in one common pool.

The Australian Wheat Board - composed of a chairman representing the Commonwealth and eight other members representing growers, merchants, existing pools, and bulk-handling authorities - is charged with the operation of the pool. "The Board's duties include the purchase, sale, and handling of acquired wheat, the regulation of the powers and functions of State Committees, the licensing of agents to receive wheat and the conclusion of arrangements with organizations overseas to act as its agents." The State committees are appointed by the Commonwealth Minister of Commerce and act as domestic marketing agents of the Board. Existing dealers and handlers were licensed as agents of the Board to receive and handle the wheat.

To finance the operation of the pool the Commonwealth Government gave the £2,000,000 subsidy which it had previously planned to grant to the States for wheat growers' aid, and authorized loans to the Board not exceeding £23,000,000 from the Commonwealth Bank. The Wheat Industry (War-time Control) Act 1939 placed that part of the Wheat Industry Stabilization Fund that had been designated for distribution as farm aid by the States at the disposal of the Wheat Board to be used to repay, so far as was possible, loans from the Commonwealth Bank. The effect of this act was to make the Board rather than the States the agent for the distribution of the assistance provided for in the 1938 assistance scheme. The rest of the loan and future payments to growers are to be met by realizations from domestic and foreign sales by the Board. The net results of these operations is that growers will receive in the course of time the proceeds from the sale of the wheat less handling and storage expenses (world prices will determine the amount derived from this source); the £2,000,000 subsidy from the Commonwealth Government; and the amount of assistance available from the flour tax (about £4,000,000).

Recent Developments

The Wheat Board was set up because experience with various types of marketing controls demonstrated that compulsory pooling was the most satisfactory method of marketing the exportable surplus affected by the exigencies of wartime oceanic shipping. The demand for aid above that provided by the 1938 assistance scheme was not met in the establishment of a Commonwealth pool. In November 1940 a new wheat plan was announced, which, in effect, did two things: It coordinated the wheat assistance scheme of 1938 and the Wheat Acquisition Regulations of 1939; and it incorporated into the plan the essential features of the proposed stabilization plan of the preceding year. The Commonwealth did, however, assume sole financial responsibility for the aids granted.

[8] DAY, HENRY B. CONTROL AND MARKETING OF WHEAT BY THE COMMONWEALTH GOVERNMENT AND ASSISTANCE TO WHEAT GROWERS. U. S. Cons. Rpt., 11 pp. Sydney. Dec. 8, 1939. [Typewritten.]

Briefly, the new plan continued the Commonwealth pool and the flour tax. The aids derived from the flour tax are to be used to help cover advances to growers from the Commonwealth Bank. The Commonwealth guarantees growers 3s. 10d., f.o.b. ports - the growers to pay shipping and storage charges - on a marketable crop of 140 million bushels. Growers are to be licensed and are to sow only the acreage authorized by the Government. If a heavy crop is in prospect, the Government may require him to cut part of his wheat for wheaten hay. The 140-million-bushel limit does not entail a great reduction in acreage, for about 20 million bushels are used on the farm and are not marketed. The 160 million bushels thus obtained is near the amount of the average harvest. The important point is that the plan does provide machinery to control acreage and prevent undue advantage being taken of the guaranteed price.

Provision is made that when the price of wheat rises above 3s. 10d., f.o.b. ports, for bagged wheat a tax of 50 percent of the amount of the price above 3s. 10d. is to be withheld from the producer by the Australian Wheat Board. These funds are placed in the Wheat Stabilization Fund to repay the Government for advances made when prices are below 3s. 10d. or, if the fund should get out of the red, to accumulate a surplus for future advances.

The new parts of the plan were the provisions for a guaranteed price and for production control. Since the Australian Wheat Board controlled, by use of the compulsory pool, all marketing operations, the guaranteed-price provisions required no new administrative machinery. A Wheat Industry Stabilization Board was created to administer the production controls. The Board performs three functions: It advises the Minister of Commerce and the Australian Wheat Board; it controls the registration of wheat farms and the licensing of growers and the program of production control; and it assesses the amount of the tax to be collected from the growers when the price of wheat is above 3s. 10d.

The present legislation provides that the plan is to remain effective for 6 months after the termination of the present war with Germany. The changes made in the 1938 scheme would expire with the rest of the program at that time, but the 1938 scheme would nevertheless remain as the basis for a permanent wheat program.

Operation of the Program

The incorporation of the wartime measures into the 1938 Assistance Scheme and the specific provisions for its continuation after the expiration of those measures would intimate that the 1938 scheme is the one permanent part of Australia's wheat policy. Actually, it is felt, such is not likely to be the case. The scheme's inadequacy is likely to be felt as strongly in the difficult post-war period as it has ever been. The proposals of August 1939 and all subsequent legislation have been in the direction of increased aid to growers accompanied by increased control. In the discussion of the operation of these wartime measures those factors that may operate for or against continuation of such controls and aids will be indicated.

The Australian Wheat Board was created to meet uncertain market conditions particularly the loss of foreign markets and the shipping shortages occasioned by the war. In view of the conditions faced by the Board its operations have been successful. The Board succeeded in disposing of considerable quantities of wheat. This is said despite the large surplus of stocks on hand. For that, there is no disposition on the part of any group to blame the Wheat Board. It began its operations in 1939 by buying the unsold portion of the 1938-39 crop and placing it in Pool No. 1. The 1939-40 crop was placed in two pools, one for the considerable amounts of light-weight

wheat harvested that year. By mid-April 1942 all wheat from these three pools had been sold and delivered. At that time unsold wheat on hand was as follows:[9]

	Bushels
Pool No. 4 (1940-41 crop)	4,500,000
Pool No. 5 (1941-42 crop)	144,500,000
Total	149,000,000

Stocks of wheat also included 13,250,000 bushels sold but not shipped, or total stocks of 162,250,000 bushels.

TABLE 3.—*Wheat advances, on a per-bushel basis, paid to Australian growers, 1938-39 to 1941-42*[10]

CROP	POOL	BULK	BAGGED	REMARKS
1938-39	No. 1	2s. 7.91d.	2s. 9.91d.	All sold, all payments made
1939-40	No. 2	3s. 4.625d.	3s. 6.625d.	All sold, but a small payment is yet to be made
1939-40	No. 3	3s. 1.625d.	3s. 3.625d.	
1940-41	No. 4	3s. 5½d.	3s. 7d.	Considerable quantity unsold
1941-42	No. 5	2s. 10d.	3s. –	First advance only. Guaranteed price of 3s. 10d. Bagged applies for the first time.

All advances are less freight to port and storage charges. Delivery of 153 million bushels into Pool No. 5 reduced the guaranteed price, which was for 140 million bushels only. By agreement with grower associations the Board accepted the additional wheat but did not increase its total liabilities for payments. Japan's military actions have closed all of Australia's former Asiatic markets except India and has made shipping more difficult to other markets. Consequently, Australian growers fear that they may have to hold much of the present pool for an indefinite period. Storage costs will further reduce their net return. So the Government has announced that the first payment on wheat in Pool No. 5 is not likely to be supplemented by other payments for some time. The guaranteed price is therefore not likely to be so valuable to growers as it was originally intended.

Though the Wheat Pool was established as a temporary wartime device, certain factors are present that may operate to maintain the pool as a permanent feature of Australia's marketing machinery. Such a pool was much discussed during the 1930's as a part of various proposals to relieve growers. The fact that it has received considerable attention as a peacetime aid and the very fact of its existence at the war's end will force consideration of the pool's continuance as a part of Australia's marketing procedure.

The 1940 changes in the stabilization scheme added the principles of a fixed price and of production control to the existing wheat aids. The 1941-42 crop was the first to operate under this scheme. Producer organizations, because of the necessity for prolonged storage, have asked that the Commonwealth Government assume all storage charges accruing after October 31 following delivery of the wheat into the hands of the Wheat Board (pool). This would mean that growers would pay storage charges until near the beginning of the next harvest. The purpose of the proposal is to permit growers to receive an amount under the guaranteed price that they would receive under normal conditions. The Government has not acted on this proposal.

Australian trade papers for May 1942 carry reports of a new guaranteed-price schedule proposed for the next season by the Minister of Commerce. Under his proposal

[9] FLAKE, WILSON C. AUSTRALIAN WHEAT INDUSTRY - APRIL, 1942. U. S. Cons. Rpt., 6 pp. Sydney. May 2, 1942. [Typewritten.]

[10] PRIMARY PRODUCER [WESTERN AUSTRALIA]. WHEAT AND BARLEY POOL PRICE PAYMENTS. Primary Prod. 27(14): 1. Apr. 23, 1942. [Quoting letter from Australian Minister of Commerce.]

farmers would receive 4s. at sidings for the first 3,000 bushels of wheat delivered. The remainder of their crop would be placed in a pool upon which an advance of 2s. would be made. The 2s. advance would likely be the total realization upon this surplus pool - at least the only payment within the foreseeable future. Considerable opposition was expressed to the proposal, particularly in Western Australia, where about 50 percent of the growers produce more than 3,000 bushels. These growers claim that the proposal will penalize the most efficient producers of wheat and encourage the least efficient. Before the introduction of this proposal growers had been assured that the 3s. 10d. guaranty of the 1941-42 season would be retained for the 1942-43 season. The new crop will come on the market in November and December of this year, and it is possible that further changes in the payments system may be announced with respect to the handling of this crop.

The 1940 stabilization scheme contained two devices aimed at production control. The placing of a guaranteed price for only 140 million bushels was an indirect check. Provision was made for a direct check by giving the Stabilization Board power to register wheat farms, license growers, and limit acreage. During the 1941-42 season the acreage was limited to the average sowings for the preceding 3 years. The experience of the Board in registering farms parallels some of the early experiences of the Agricultural Adjustment Administration in securing individual acreage and production figures. The Board found it necessary to appoint local committees to consider acreage exaggerations and special applications. Although the exaggerations were reduced and the local committees succeeded in getting many who had planted excess acres to harvest these acres as wheaten hay, the Minister of Commerce estimated that about 1,500,000 bushels harvested from excess acres were received into Pool No. 5.[11]

The shipping shortage and the storage problem - which was particularly acute in Western Australia - called for further acreage reductions for the 1942 season. Western Australia, with 50 million bushels of wheat on hand and with few chances of shipping it, has the burden of reduction. Acreage for the other States must be no greater then the average acreage for the past 4 years. Western Australian growers will reduce by one-third their acreage and will receive 1s. per bushel - based upon average production - for the reduced areas.[12] Labor shortages, fertilizer rationing, and the campaign to produce other food crops may cause further reduction in the 1942-43 crop.

SUMMARY

The problems of the Australian wheat growers are deeply rooted in domestic and international conditions. The war has intensified and complicated marketing of the normally large exportable surplus of wheat. Shipping shortages and the loss of normal markets result in the accumulation of large stocks. These are wartime problems that only serve to intensify the conditions which had prevailed for many earlier years. The pre-war problems of widely fluctuating yields and of depressed world markets promise to remain the post-war problems of the industry unless they are alleviated by national or international action.

The purpose of the pre-war program was not only to raise the grower's earnings by giving him a "payable price" based upon costs of production but also to give him the security of a stabilized return. To achieve greater stability under wartime

[11] PRIMARY PRODUCER [WESTERN AUSTRALIA]. THE NO. 5 POOL. Primary Prod. 27(19): 2. May 28, 1942.

[12] See reference cited in footnote 9.

conditions was likewise a motivating factor in the creation of a wartime pool. This purpose was carried to its logical conclusion in the guaranteed price provisions of the 1940 Stabilization Scheme.

The 1938 Assistance Scheme not only provided for a tax on flour to be used to subsidize growers in periods of low prices but also, in conformity to the stabilization idea, provided for a tax on wheat sold by farmers to be collected and used to subsidize consumption during periods of high prices. This program of bounties has become secondary to the larger program of producer and marketing controls for the duration of the war. The grower markets his wheat in the compulsory wheat pool and receives a guaranteed price. To prevent the accumulation of unmanageable stocks and the expansion of a subsidized industry into submarginal production the growing of wheat is subject to license and production is controlled. Payments are made for all required reductions in acreage below normal sowings.

Though changes may be expected in these controls from time to time the broad outlines of the present program are likely to be followed at least for the duration of the war. Australia recently joined with the United States, Argentina, Canada, and the United Kingdom in approving a Memorandum of Agreement regarding wheat. This international understanding now forms a part of the wheat program for Australia. The experiences gained in the administration of the present domestic controls may be of value as Australia broadens the scope of the wheat program to the level of international cooperation.

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THE INTERNATIONAL WHEAT AGREEMENT

Representatives of the Governments of Argentina, Australia, Canada, the United Kingdom, and the United States met in Washington on July 10, 1941, and resumed discussions which had been under way in London in September 1939 which were interrupted by the outbreak of war. The Washington wheat meeting prepared and submitted to the respective Governments a preliminary report in August 1941, reconvened in October, and continued their discussions until June 1942. A Memorandum of Agreement, as a first step toward the conclusion as soon as circumstances permit of a comprehensive international wheat agreement, was submitted to the five Governments. This memorandum was approved and came into effect on June 27, 1942.

The Memorandum of Agreement provides for the convening by the United States when the time is deemed propitious of a conference of all the nations having a substantial interest in wheat, whether as consumers or producers; and there is attached to it for consideration at that conference a Draft Convention prepared by the Washington Wheat Meeting. In the meantime the Memorandum of Agreement requires the adoption and maintenance on the part of the four exporting countries of positive measures to control production with the object of minimizing the accumulation of excessive stocks during the war.

The Memorandum of Agreement provides also for the immediate establishment of a pool of wheat for intergovernmental relief in war-stricken and other necessitous areas so soon as the international situation permits. It brings into operation the arrangements in the Draft Convention for contributions to a pool as they may be required of 100,000,000 bushels and additional quantities to be determined as the extent of the need becomes known.

In order to prevent disorganization and confusion immediately after the war and pending the conclusion of a comprehensive international wheat agreement, the present Memorandum provides for bringing into operation for a limited period the provisions of the Draft Convention relating to the control by the four exporting countries of production, stocks and exports and for cooperation by all five countries in stabilizing prices.

The International Wheat Council provided for by the Draft Convention, was organized on August 3, 1942, by delegates designated by the five Governments. Mr. Paul Appleby was chosen chairman of the Council, Mr. Leslie A. Wheeler chairman of the Executive Committee consisting of one delegate from each of the five Governments, and Mr. Andrew Cairns was appointed secretary of the Council. The headquarters of the Council will be at Washington, D. C.

Copies of the International Wheat Agreement and related documents may be obtained upon request to the Office of Foreign Agricultural Relations, U. S. Department of Agriculture.

UNITED STATES AND CANADA COLLABORATE IN HARVEST WORK

The United States and Canada are assisting each other in harvesting the 1942 grain crop in the border areas. Passage across the line in either direction of men and machinery was facilitated by the waiving of certain immigration, passport, and customs formalities. This was accomplished through cooperation between the United

States Department of Agriculture, the Department of State, the United States Employment Service, the Immigration Service, the Customs Service, and the appropriate Canadian Government authorities.

The agricultural labor shortages that have been developing for some months are a matter of serious concern to authorities on both sides of the border. This was one of the problems considered by the Agricultural Subcommittees of the Joint Economic Committees for the United States and Canada. Based on the Subcommittee's findings, the White House announced on April 10, 1942 that an arrangement had been made with Canada regarding the exchange of men and machinery.

The arrangement does not in itself guarantee that help from either country will be available for work in the other. Actual movement of workers still depends upon the desire of United States workers to go to Canada and upon the willingness of Canadian authorities to grant permission to Canadians to accept offers of employment in the United States. If it should develop in any area along the border between Canada and the States of Minnesota, North Dakota and Montana, however, that harvesting machinery and crews are not needed for immediate work in their own country, the arrangement between the two Governments makes it easier than formerly for workers and machinery to cross the border.

Working parties entering the United States from Canada may remain up to 29 days before becoming subject to regulations governing the entry of foreign labor. Workers eligible for entry from Canada under the 29-day limitation are:

(1) Citizens of Canada or British subjects domiciled in that country except those who are natives of an enemy country.

(2) Non-enemy aliens domiciled in Canada.

It was anticipated that the 29-day period would be sufficiently long to permit Canadian working parties to come to the United States before their services would be needed at home.

Workers eligible for entry into Canada from the United States are:

(1) United States citizens other than those of Japanese ancestry.

(2) Aliens other than citizens of an enemy country.

There is no limit on the time United States workers may remain in Canada under this arrangement, but it is assumed that such workers will return to the United States after the harvest work is completed.

The arrangement is based upon the exchange of combines, or other harvesting machinery, each combine or machinery unit to be in charge of the owner or lessor, accompanied by not to exceed four helpers. These machinery units were established to assist Canada in administering the general controls over farm labor now in effect in that country as a war measure.

THE SECOND INTER-AMERICAN CONFERENCE OF AGRICULTURE

Representatives of 21 nations participated in the Second Inter-American Conference of Agriculture at Mexico City July 6-16. There were 170 delegates in attendance, representing practically all branches of agriculture now interested in Western Hemisphere developments, including leading agriculture officials and scientists. The conference was held under the auspices of the Mexican Government, being organized by a committee representing that Government, assisted by the Pan-American Union representing the other Governments of the Western Hemisphere.

The plan of the conference was similar to that followed in the First Inter-American Conference on Agriculture, which was held in Washington in September 1930. At the opening session keynote addresses were given by Marte R. Gómez, Mexican Secretary of Agriculture, who was chairman of the conference, and the two vice-chairmen, Andrés Revero Aguero, the Secretary of Agriculture of Cuba, and Claude R. Wickard, the United States Secretary of Agriculture, emphasizing the purpose which was to survey the agricultural relations of the countries, first, with reference to the war emergency and, second, as a basis for continuing collaboration. The technical addresses, which included more than 70 papers, were presented before 12 subject matter sections covering such divisions as; products of present day importance; statistics on production and distribution; commerce and credit; education and research; soils and agronomy; chemistry; forestry; animal industry; and agricultural engineering.

The addresses will be published in detail by the organization committee. The discussions on each subject were summarized in the form of 76 resolutions, which were adopted by the conference. Copies may be obtained upon request to the Office of Foreign Agricultural Relations, U. S. Department of Agriculture.

NEW REPORTS

THE AMAZON BASIN BRAZIL NUT INDUSTRY,

by Walter Schreiber. Foreign Agriculture Report No. 4

American nut producers have been interested for the past 20 years in the potentialities of the Brazil nut industry of the Amazon Basin. Prior to the early 1920's few Brazil nuts reached the United States. Today this nut and the cashew are the two leading imported nuts. The loss of European outlets because of war conditions has caused Brazilian exporters to seek other markets. This is a development of interest to United States nut growers, in view of the steady increase in domestic nut production and the loss of export outlets for United States nuts, notably walnuts. This report represents an attempt to provide information which will enable United States nut interests to appraise the Brazil nut situation with some accuracy, to remove some misconceptions, and to aid in formulating future marketing and planting plans.

WORLD CORN PRODUCTION AND TRADE,

by Hally H. Conrad. Foreign Agriculture Report No. 5

A review of the world's corn production and trade from 1925 to 1939 reveals a steady upward trend in production and consumption in virtually all countries since the drought years of low crops in the United States during the early thirties. The increase is attributed not only to the increased use of corn as a feedstuff but also to its increasing use in many countries for human food. The report points out that in 1939 the world's crop amounted to 5,104,000,000 bushels compared with the average of 4,737,000,000 bushels during the five-year period 1925-1929. The United States, however, accounted for only about 51 percent of the total in 1939 compared with the average of about 56 percent during 1925-1929, due mainly to increased production in Latin America. Because of the high value of corn as a feed for livestock, the bulk of the crop in most countries is used at home. As a result, less than 10 percent of the world's annual production moves into channels of international trade as grain.

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